



NEW YORK STATE SENATOR

Thomas F. O'Mara

O'Mara calls for bold action on state's part to boost upstate manufacturing

THOMAS F. O'MARA February 10, 2013

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Elmira, N.Y., February 10—State Senator Tom O'Mara (R-C, Big Flats) has introduced legislation calling for an unprecedented tax cut for manufacturers across the Southern Tier and Finger Lakes regions, and statewide.

He billed the measure as one cornerstone of a renewed state commitment to the upstate New York manufacturing sector, a move he believes would help spark broad-based, badly

needed private-sector job growth.

“It’s time to try something bold for the upstate economy,” said O’Mara. “I believe it starts with a revitalized upstate manufacturing sector. Manufacturing has always been the economic engine of many upstate communities, and I believe it remains our best hope for revitalization. Government can help lead that effort by cutting taxes. We can start with this pro-job, pro-private- sector, pro-manufacturing tax cut.”

O’Mara’s legislation (S.3562/A.3342), which has strong bipartisan support in the Legislature, proposes a two-year phase-out of the state’s corporate franchise tax on manufacturers, large and small. It would benefit manufacturers in New York with savings of an estimated \$300 million annually – and potentially more -- once it’s fully effective by allowing companies that are principally engaged in manufacturing to be exempt from 50% of the franchise tax in the first year and completely exempt in two years.

The legislation is sponsored in the Assembly by Assemblyman Robin D. Schimminger (D-C-I, Kenmore), who chairs the Assembly Economic Development, Job Creation, Commerce and Industry Committee.

O’Mara said that their proposal could create upwards of 3,000 good-paying, private-sector jobs over the next few years, encourage existing manufacturers to expand and invest in their New York facilities and make the state a more attractive place for other manufacturers to locate their operations here in the future.

He added that New York’s manufacturers currently pay taxes that are higher than virtually anywhere else in the industrialized world.

“We have to do better. We have to send an even stronger message that New York’s serious about business. We need newer and bolder steps to keep building on the efforts of the past

two years to turn around the upstate economy, strengthen manufacturing, create good jobs and revitalize upstate regions like our own,” O’Mara said.

Citing a January 2013 report from the Tax Foundation that gave New York the dubious distinction of having the worst business tax climate in the nation, O’Mara urged Governor Andrew Cuomo and his legislative colleagues to stay focused on upstate’s economic competitiveness. He noted that manufacturing in New York State has suffered severe losses over the past decade, with upstate being hit especially hard.

”It’s time to try anything and everything possible to remove New York from the bottom of the list of states with the worst business climates in America,” said O’Mara. “We need a business climate that invites private-sector job growth, welcomes businesses and industries, and helps provide long-term economic security for workers and their families.”

Despite the losses and other ongoing challenges, the manufacturing sector remains strong in New York State according to The Manufacturers Association of Central New York (MACNY), The Business Council of New York and other leading upstate advocates. It produces nearly \$70 billion in goods annually, accounting for over six percent of the state’s economic output, and supports more than 1.1 million jobs statewide.

Economic analysts also stress that manufacturing’s positioned for vital growth within the overall development of a 21st century, high-tech, research-and-development based economy.

MACNY President Randy Wolken said, “In order to effectively carve out a path towards economic vitality, Albany needs to make bold changes to our current business climate. A reduction and elimination in the corporate franchise tax for manufacturers is just the right bold, effective and necessary step needed for this revitalization pathway. The State’s manufacturing sector is the only sector that creates a product, delivers it outside our

community and state, and generates revenue that in turn is returned to New York. Clearly, this is a sector that without question provides the effective tools and results necessary to get New York back on track. MACNY and the Manufacturers Alliance of New York State thank Senator O'Mara for his continued support of our sector's well-being, and we look forward to working with him and his colleagues to see this critical step passed into law."

Ken Pokalsky, Vice President of Government Affairs for The Business Council of New York State, Inc., said, "New York clearly needs to do more to retain valuable manufacturing jobs. Upstate, manufacturing pays about \$16,000 more per job on average than jobs in other sectors. These are the middle class jobs everyone is calling for. Unfortunately, New York continues to slip behind the U.S. in both production jobs and new investment in this vital sector."

Brian Sampson, Executive Director of Unshackle Upstate, said, "If you look in nearly every town in upstate New York there is a manufacturing company that is the heart and soul of the community. Yet sadly, there is likely a shuttered manufacturer in that same town. New York needs to do more to help retain our manufacturing jobs and welcome new ones. This bill will help by cutting taxes on manufacturing companies and allowing them to compete in a global economy. This is a bill that should be fast tracked and passed this session."

Mike Durant, State Director of the National Federation of Independent Business (NFIB/NY), said, "We applaud Senator O'Mara and Assemblyman Schimminger for their continued work in reducing the cost of doing business in New York and for sponsoring this legislation. Reducing taxes as this legislation does will only help New York's manufacturer's but also be a significant step in creating a hospitable environment for economic development."